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## Fast Track Regulation Agency Background Document

<b>Agency name</b>	Department of Medical Assistance Services
<b>Virginia Administrative Code (VAC) citation</b>	12 VAC 30, Chapter 120
<b>Regulation title</b>	MEDALLION
<b>Action title</b>	Revisions to MEDALLION Regulations as a Result of a Periodic Review
<b>Document preparation date</b>	Enter date this form is uploaded on the Town Hall

This information is required for executive review ([www.townhall.state.va.us/dpbpages/apaintro.htm#execreview](http://www.townhall.state.va.us/dpbpages/apaintro.htm#execreview)) and the Virginia Registrar of Regulations ([legis.state.va.us/codecomm/register/regindex.htm](http://legis.state.va.us/codecomm/register/regindex.htm)), pursuant to the Virginia Administrative Process Act ([www.townhall.state.va.us/dpbpages/dpb\\_apa.htm](http://www.townhall.state.va.us/dpbpages/dpb_apa.htm)), Executive Orders 21 (2002) and 58 (1999) ([www.governor.state.va.us/Press\\_Policy/Executive\\_Orders/EOHome.html](http://www.governor.state.va.us/Press_Policy/Executive_Orders/EOHome.html)), and the *Virginia Register Form, Style and Procedure Manual* ([http://legis.state.va.us/codecomm/register/download/styl8\\_95.rtf](http://legis.state.va.us/codecomm/register/download/styl8_95.rtf)).

### Brief summary

*In a short paragraph, please summarize all substantive changes that are being proposed in this regulatory action.*

The Department of Medical Assistance Services (DMAS) recently conducted a periodic review of its MEDALLION regulations. This regulatory action reflects several changes to the MEDALLION Primary Care Case Management system. These regulations revise and update the MEDALLION regulations to address several operational and waiver changes in the MEDALLION program. This action will also allow DMAS to achieve greater clarity in the regulations to minimize confusion and interpretation, and to correct grammatical errors in the regulations that were noticed during the review. Revisions are being made in the following sections of the MEDALLION regulations: MEDALLION Clients (12VAC30-120-280); Providers of Services (12VAC30-120-290); Services Exempted from MEDALLION (12VAC30-120-310); and PCP Payments (12VAC30-120-320).

**Statement of agency final action**

*Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.*

I hereby approve the foregoing Agency Background Document with the attached amended regulations (Revisions to MEDALLION Regulations as a Result of a Periodic Review) and adopt the action stated therein. I certify that this final regulatory action has completed all the requirements of the Code of Virginia § 2.2-4012, of the Administrative Process Act and is full, true, and correctly dated.

\_\_\_\_\_   
Date

\_\_\_\_\_   
Patrick W. Finnerty, Director   
Dept. of Medical Assistance Services

**Legal basis**

*Please identify the state and/or federal source of legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including General Assembly bill and chapter numbers, if applicable, and (2) promulgating entity, i.e., the agency, board, or person. Describe the scope of the legal authority and the extent to which the authority is mandatory or discretionary.*

The Code of Virginia (1950) as amended, section 32.1-325, grants to the Board of Medical Assistance Services the authority to administer the Plan for Medical Assistance. The Code of Virginia (1950) as amended, section 32.1-324, authorizes the Director of the Department of Medical Assistance Services (DMAS) to administer and amend the Plan for Medical Assistance according to the Board’s requirements. The Medicaid authority was established by § 1902 (a) of the *Social Security Act* [42 U.S.C. 1396a], which provides the governing authority for DMAS to administer the State’s Medicaid system. Section 2.2-4017 of the Administrative Process Act and the Governor’s Executive Order 21 (2002) provide for periodic review of regulations.

**Purpose**

*Please explain the need for the new or amended regulation by (1) detailing the specific reasons why this regulatory action is essential to protect the health, safety, or welfare of citizens, and (2) discussing the goals of the proposal and the problems the proposal is intended to solve.*

The purpose of this regulatory action is to clarify the existing MEDALLION regulations and revise and update the MEDALLION regulations to address several operational and waiver changes in the MEDALLION program. This action is the result of a recent periodic review of these regulations.

## Rationale for using fast track process

*Please explain why the fast track process is being used to promulgate this regulation.*

*Please note: If an objection to the use of the fast-track process is received within the 60-day public comment period from (1) 10 or more persons, (2) any member of the applicable standing committee of either house of the General Assembly or (3) any member of the Joint Commission on Administrative Rules, the agency shall (i) file notice of the objection with the Registrar of Regulations for publication in the Virginia Register, and (ii) proceed with the normal promulgation process with the initial publication of the fast-track regulation serving as the Notice of Intended Regulatory Action.*

This regulatory action will update the MEDALLION regulations to make them reflect operational reality. This will increase efficiency in the delivery of Medicaid managed care services. Individuals will continue to receive the medically necessary services while protecting the integrity of the MEDALLION program. Objections are not anticipated. The agency is using the fast-track process in order to complete the needed regulatory changes as soon as possible so as to protect the integrity of the MEDALLION program.

## Substance

*Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. (More detail about these changes is requested in the "Detail of changes" section.)*

While conducting a periodic review of the MEDALLION regulations, DMAS became aware that the regulations did not reflect current program operations. The amended regulations will enable the Virginia Administrative Code to reflect the operational reality of the MEDALLION program. With the implementation of this regulatory change, the integrity of the MEDALLION program will be upheld. Recipients will continue to receive the needed services and providers will continue to be reimbursed for these services.

This fast track regulatory package clarifies that clients should notify DMAS of their primary care provider (PCP) selection within 45 days; a 30-day period is restored in the proposed regulations. DMAS was previously referred to as the "department." "Department" is now capitalized. The regulations state that the PCP authorizes most specialty services and that clients obtain an authorization from their PCP. The fast track regulatory action changes "authorizes" to "refers" and "authorization" to "referral." The section on Prior Authorization has been changed to the PCP Referral Process in the regulations; references to an authorization" and a "prior authorization" have both been changed to a "referral."

The current regulations state that DMAS shall review applications. The amended regulations state that DMAS "or its designee" shall review applications." The fast track regulatory action removes the requirement that each site that has two or more separately identifiable provider groups be divided into separate regions.

The section on changing PCPs has been changed to apply only in areas without managed care organizations. DMAS changed the time period a client remains with his or her PCP after the initial 90-day assignment period from "at least 12 months" to "up to 12 months." The regulations

state that the client has the option to select another PCP; the proposed regulations would make this option available “during open enrollment.”

In 12VAC30-120-310(A)(4), the current regulation references “Routine newborn services when billed under the mother’s Medicaid number.” The fast track regulatory action deletes the phrase “when billed under the mother’s Medicaid number.” It also deletes dental services (under age 21) as being exempted from MEDALLION services in 12VAC30-120-310(A)(6).

In 12VAC30-120-320(C), this amendment raises the maximum number of MEDALLION clients that can be in a PCP’s panel from 1,500 to 2,000.

In 12VAC30-120-320(D)(PCP payments) DMAS added similar language to clarify that the “clinics” enrolled as Medicaid providers” refers to Federally Qualified Health Centers, Rural Health Clinics and Department of Health clinics. DMAS added language that PCPs in Department of Health Clinics may serve a maximum of 2,000 MEDALLION clients. Several other minor changes were made to the text of various regulations to enhance clarity.

This fast track regulatory action reflects several types of changes to the MEDALLION primary care case management (PCCM) system. The amended regulations revise and update the MEDALLION regulations to address several operational and waiver changes in the MEDALLION program.

The sections of the Virginia Administrative Code that are affected by this change are 12VAC30-120-280 through 30-120-320. Because Chapter 120 consists of Non-State Plan regulations no sections of the State Plan for Medical Assistance are affected. The particular sections of Chapter 120 that are affected are as follows: (12VAC30-120-280), Providers of Services (12VAC30-120-290), Services Exempted from MEDALLION (12VAC30-120-310); and PCP Payments (12VAC30-120-320).

Additionally, “client” and “recipient” are used interchangeably throughout the current regulations. For consistency, the amended regulations refer to those individuals who receive Medicaid benefits as “clients.”

## Issues

*Please identify the issues associated with the proposed regulatory action, including:*

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;*
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and*
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.*

*If the regulatory action poses no disadvantages to the public or the Commonwealth, please so indicate.*

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No disadvantages to the public have been identified in connection with these regulations. The agency projects no negative issues involved in implementing this regulatory change. There are no specific advantages for the Commonwealth’s citizens regarding the change in these regulations. The advantage to the Commonwealth is that this regulatory change enhances the efficiency of MEDALLION program operations.

**Economic impact**

*Please identify the anticipated economic impact of the proposed regulation.*

<b>Projected cost to the state to implement and enforce the proposed regulation, including (a) fund source / fund detail, and (b) a delineation of one-time versus on-going expenditures</b>	None
<b>Projected cost of the regulation on localities</b>	None
<b>Description of the individuals, businesses or other entities likely to be affected by the regulation</b>	None
<b>Agency’s best estimate of the number of such entities that will be affected</b>	None
<b>Projected cost of the regulation for affected individuals, businesses, or other entities</b>	None

**Alternatives**

*Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action.*

This regulatory action is expected to have a positive impact on the health, safety and welfare of Virginia citizens. The changes set forth in these regulations enhance the ability of MEDALLION enrollees to make health care choices.

**Family impact**

*Please assess the impact of the proposed regulatory action on the institution of the family and family stability.*

This regulatory change will not have any direct impact on the institution of the family and the stability of the family. It will not strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; it will not encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one’s spouse, or one’s children and/or elderly parents; nor will it strengthen or erode the marital commitment.

**Detail of changes**

*Please detail all changes that are being proposed and the consequences of the proposed changes.*

*If the proposed regulation is intended to replace an emergency regulation, please list separately (1) all changes between the pre-emergency regulation and the proposed regulation, and (2) only changes made since the publication of the emergency regulation.*

<b>Current section number</b>	<b>Proposed new section number, if applicable</b>	<b>Current requirement</b>	<b>Proposed change and rationale</b>
	12VAC30-120-280	The PCP authorizes most specialty services and that clients obtain an authorization from their PCP.	The fast track regulatory action changes “authorizes” to “refers” and “authorization” to “referral.”
12VAC30-120-280(D)(1)		Clients should notify DMAS of their primary care provider (PCP) selection within 45 days.	Clients should notify DMAS of their primary care provider (PCP) selection within 30 days.
12VAC30-120-280(E)(1)		A PCP “authorizes” services; clients must obtain necessary “authorization” from their PCP. “department’s”	A PCP must “refers” services; clients must obtain necessary “referral” from their PCP. “Department’s”
12VAC30-120-280(E)(2)		Each site that has two or more separately identifiable provider groups is divided into separate regions.	This section is deleted.
12VAC30-120-280(F)		<p>The section on changing PCPs is not limited to areas without managed care organizations.</p> <p>The time period a client remains with his or her PCP after the initial 90-day assignment period is “at least 12 months.”</p> <p>The regulation states that the client has the option to select another PCP.”[a]fter 12 months.”</p> <p>Clients receive notice prior to the end of “this” enrollment period.</p>	<p>The section on changing PCPs has been changed to apply only in areas without managed care organizations.</p> <p>The time period a client remains with his or her PCP after the initial 90-day assignment period from has been changed to “up to 12 months.”</p> <p>The regulation states that the client has the option to select another PCP “during open enrollment.”</p> <p>Clients receive notice prior to the end of “the current” enrollment period.</p>
12VAC30-120-		DMAS was referred to as the “department.”	“Department” is capitalized.

280(F)(1)(f)			
12VAC30-120-280(G)		<p>The section was called "Prior Authorization." has been changed to the PCP Referral Process in the regulation.</p> <p>There are references to an "authorization" and a "prior authorization."</p>	<p>The section is called "PCP Referral Process."</p> <p>The references are changed to a "referral."</p>
12VAC30-120-290(4)		DMAS shall review applications.	DMAS "or its designee" shall review applications.
12VAC30-120-310(A)(4)		The current regulation references "Routine newborn services when billed under the mother's Medicaid number."	The regulation deletes the phrase "when billed under the mother's Medicaid number."
12VAC30-120-310(A)(6)		The current regulation includes dental services (under age 21).	The fast track regulation exempts dental services (under age 21).
12VAC30-120-310(B)		The regulation refers to reimbursement for services when there has been a referral from or authorization by the PCP.	The fast track regulation allows for 3 possibilities: a referral by the PCP, an authorization by the PCP, or a referral and an authorization by the PCP.
12VAC30-120-320(C)		The maximum number of MEDALLION clients that can be in a PCP's panel is 1,500.	<p>The maximum number of MEDALLION clients that can be in a PCP's panel is 2,000.</p> <p>DMAS added language that PCPs in Department of Health Clinics may serve a maximum of 2,000 MEDALLION clients.</p>